

WASHINGTON, DC - Today, Rep. Pete Stark introduced the Medicare Outpatient Co-payment Reduction Act of 2003. This bill reduces the high co-payment required from Medicare beneficiaries obtaining services in hospital outpatient settings. The bill is being co-sponsored by Reps. McDermott, Kleczka, DeLauro, Frank, Frost, Jackson-Lee, McNulty and Abercrombie.

Due to an error in the original payment formula for outpatient services, Medicare beneficiaries pay higher co-payments for hospital outpatient services than most other treatments in Medicare. Congress has taken steps to begin to lower these overcharges, but without further legislation, it will take over 2 decades for the payment level to reduce to the traditional 20% cost sharing.

“Outpatient hospital services are tremendously expensive and many seniors cannot afford the supplemental insurance or existing co-payments necessary to pay for them,” Rep. Stark said. “This bill will reduce the inequitable costs that Medicare participants must pay for their health care and will relieve the financial burden imposed on many seniors that are barely able to get by on a limited income.”

For most Medicare services, beneficiaries are required to pay 20 percent of the allowed payment amount while Medicare pays 80 percent. However, the co-payment required for hospital outpatient services can currently be as high as 55 percent for some services. Co-payment is frequently highest for services that involve more advanced technology, such as radiology and chemotherapy. High coinsurance rates are particularly devastating for Medicare beneficiaries that are close to the poverty level and who have no supplemental insurance. The number of Medicare beneficiaries without supplemental insurance grows each year as premiums for such insurance policies increase.

Current law will gradually reduce the level of co-payment for these services to 20 percent in 2029, but this does not help the seniors who cannot afford these costs now. The Medicare Outpatient Co-payment Reduction Act of 2003 would accelerate the reduction of this co-payment to reach 20 percent by 2010, allowing many Medicare participants to pay for critical outpatient hospital services they might not otherwise be able to afford. This change is consistent with a recent recommendation made by the Medicare Payment Advisory Commission or MedPAC.

The Medicare Outpatient Reduction Co-payment Reduction Act has the support of the National Committee to Preserve Social Security and Medicare and Families USA.

Rep. Stark concluded, "This is a simple bill. For far too long, we've charged seniors outrageous amounts for outpatient services. Seniors shouldn't have to wait another 26 years before they are fairly charged for outpatient services. This is an incremental approach that lowers the co-payment level to 20% by 2010. It's a small, but important step to improve health care access for seniors. I look forward to working with my colleagues to enact it as soon as possible."